



## PRESS RELEASE

### **ENEL: FIRST HALF 2000, IMPACT OF TARIFF CUTS AND MARKET LIBERALIZATION LIMITED**

*Gross operating income of 4,241 million euro, net income 982 million euro*

Rome, September 8, 2000 – A meeting of Enel's Board of Directors, chaired by Chicco Testa, today examined and approved the results for the first half of 2000.

The volume of electricity sold by the Enel Group during the first half of 2000 amounted to 113.0 billion kWh, in line with the first six months of 1999 (113.8 billion kWh). Economic recovery and Enel Trade's activity on the free market made up for the loss of market share following liberalization of the sector. The trend in volumes and an improved mix towards low voltage supplies partially compensated for the tariff reduction imposed by the Regulatory Authority for Electricity and Gas, thus limiting the decline in revenues from tariff charges to 5.2% (down 351 million euro).

The rise in fuel prices had an impact on contributions from the Electricity Industry Equalization Fund, leading to an overall 12.9% increase in such revenues (up from 10,075 million euro to 11,374 million euro).

The first half witnessed an increase in revenues from the Group's new activities in the gas sector, the start-up of fuel trading and the development of other businesses.

Improved efficiency and profits from the diversified businesses allowed the Group to limit the impact of the reduction in tariff charges on gross operating income to 226 million euro. Gross operating income thus amounted to 4,241 million euro, compared to 4,467 million euro for the first half of 1999.

Operating income totaled 2,392 million euro, representing a decrease of 11.9% with respect to 1999. This was due to greater charges for amortization and depreciation, primarily reflecting accrued expense resulting from the winding-up of the Electricity Sector Pension Fund.

Net interest expense fell 11.2% from 304 million euro for the first half of 1999 to 269 million euro during the first six months of 2000, despite an increase in net debt. This was thanks to the debt restructuring carried out. This helped to keep income before income taxes substantially in line with the first half of 1999 at 1,905 million euro (1,962 million euro for the same period of 1999).

Income taxes for the period totaled 922 million euro, up on the figure for the first half of 1999 (821 million euro), which reflected the presence of extraordinary items relating to the recognition of deferred tax assets.

Group net income totaled 982 million euro compared with the 1,141 million euro of the same period of the previous year.

As of June 30, 2000, net invested capital totals 30,162 million euro, compared to 29,679 million euro at the end of 1999. Net debt stands at 13,047 million euro, up 953 million euro with respect to the end of 1999.

Group shareholders' equity totals 17,107 million euro (17,577 million euro at the close of 1999). As of June 30, 2000, the Group's headcount stood at 75,956 compared to the 78,511 of the end of 1999. This represents a reduction of 3.3%.

**Enel S.p.A.** Half-year revenues, primarily represented by sales to Group companies, amounted to 4,877 million euro.

The period saw the Company receive dividends, inclusive of tax credits, totaling 820 million euro. Net income for the period totaled 468 million euro.

The figures are not comparable with the first six months of 1999, when Enel S.p.A. operated as an integrated company in the generation, transmission, distribution and sale of electricity and in the other businesses that were subsequently spun off.

The reclassified balance sheets and income statements of the Enel Group and Enel S.p.A. are attached. The above accounts and the related notes, regarding the first half of 2000, have been submitted to the Board of Statutory Auditors and the external auditors for their examination.

## Reclassified Consolidated Income Statement of Enel Group

1 <sup>st</sup> half 2000	1 <sup>st</sup> half 2000		1 <sup>st</sup> half 1999		Difference		
Millions of euro	Billions of lire	%	Billions of lire	%	Billions of lire	%	
Revenues:							
6.435	- Tariff charges	12,460	56.6	13,140	67,3	(680)	-5.2
4.147	- Contributions from the Electricity Industry Equalization Fund	8,029	36.4	5,319	27,3	2,710	50.9
792	- Other	1,534	7.0	1,048	5,4	486	46.4
<b>11.374</b>	<b>Total revenues</b>	<b>22,023</b>	<b>100.0</b>	<b>19,507</b>	<b>100,0</b>	<b>2,516</b>	<b>12.9</b>
Operating costs:							
1.810	- Personnel	3,505	15.9	3,803	19,5	(298)	-7.8
2.612	- Fuel consumption	5,058	23.0	2,625	13,5	2,433	92.7
1.791	- Electricity purchases	3,468	15.7	3,340	17,1	128	3.8
791	- Services, leases and rentals	1,532	7.0	1,038	5,3	494	47.6
436	- Materials and gas for distribution	845	3.8	748	3,8	97	13.0
148	- Other	286	1.3	237	1,2	49	20.7
(455)	- Capitalized costs	(882)	-4.0	(933)	-4,8	51	5.5
<b>7.133</b>	<b>Total operating costs</b>	<b>13,812</b>	<b>62.7</b>	<b>10,858</b>	<b>55,7</b>	<b>2,954</b>	<b>27.2</b>
<b>4.241</b>	<b>GROSS OPERATING INCOME</b>	<b>8,211</b>	<b>37.3</b>	<b>8,649</b>	<b>44,3</b>	<b>(438)</b>	<b>-5.1</b>
Amortization, depreciation and provisions:							
1.700	- Amortization and depreciation	3,291	14.9	3,108	15,9	183	5.9
149	- Provisions and write-downs	288	1.3	284	1,5	4	1.4
<b>1.849</b>	<b>Total amortization, depreciation and provisions</b>	<b>3,579</b>	<b>16.2</b>	<b>3,392</b>	<b>17,4</b>	<b>187</b>	<b>5.5</b>
<b>2.392</b>	<b>OPERATING INCOME</b>	<b>4,632</b>	<b>21.1</b>	<b>5,257</b>	<b>26,9</b>	<b>(625)</b>	<b>-11.9</b>
(269)	- Interest expense, net	(522)	-2.4	(588)	-3,0	66	11.2
(197)	- Income from equity investments	(381)	-1.7	(177)	-0,9	(204)	-115.3
<b>1.926</b>	<b>INCOME BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES</b>						
(21)	- Extraordinary expense, net	(41)	-0.2	(693)	-3,6	652	94.1
<b>1.905</b>	<b>INCOME BEFORE INCOME TAXES</b>	<b>3,688</b>	<b>16,8</b>	<b>3,799</b>	<b>19,4</b>	<b>(111)</b>	<b>-2.9</b>
(922)	- Income tax expense for the period	(1,784)	-8.1	(1,590)	-8,2	(194)	-12.2
(1)	- Minority interest	(2)	-	1	-	(3)	-
<b>982</b>	<b>GROUP NET INCOME FOR THE</b>	<b>1,902</b>	<b>8.7</b>	<b>2,210</b>	<b>11,2</b>	<b>(308)</b>	<b>-13.9</b>

PERIOD

**Reclassified Consolidated Balance Sheet of Enel Group**

Millions of euro	Billions of lire	at 06.30.2000	at 12.31.1999	Difference
	Net fixed assets:			
39.727	- Tangibles and intangibles	76,922	73,534	3,388
846	- Financial	1,639	1,442	197
<b>40.573</b>	<b>Total</b>	<b>78,561</b>	<b>74,976</b>	<b>3,585</b>
	Net working capital:			
3.102	- Trade receivables	6,007	5,687	320
1.536	- Net amounts due from the Electricity Industry Equalization Fund	2,975	1,773	1,202
1.261	- Inventories	2,441	1,944	497
(2.920)	- Trade payables	(5,654)	(6,258)	604
(813)	- Net accrued taxes	(1,575)	(1,754)	170
(5.490)	- Other liabilities	(10,631)	(5,748)	(4,883)
<b>(3.324)</b>	<b>Total</b>	<b>(6,437)</b>	<b>(4,347)</b>	<b>(2,090)</b>
37.249	Gross invested capital	72,124	70,629	1,495
(7.087)	Provisions	(13,722)	(13,162)	(560)
<b>30.162</b>	<b>Net invested capital</b>	<b>58,402</b>	<b>57,467</b>	<b>935</b>
17.107	Group shareholders' equity	33,123	34,034	(911)
8	Minority interest	16	15	1
13.047	Total debt	25,263	23,418	1,845
<b>30.162</b>	<b>Total</b>	<b>58,402</b>	<b>57,467</b>	<b>935</b>

## Reclassified Statutory Income Statement of Enel S.p.A.

Billions of lire	30.06.2000
<b>Revenues:</b>	
- Sales to Group companies	6,463
- Contributions from the Electricity Industry Equalization Fund	2,631
- Other revenues from Group companies	323
- Other revenues from third parties	26
<b>Total revenues</b>	<b>9,443</b>
<b>Operating costs:</b>	
- Personnel	124
- Fuel consumption	5,102
- Electricity purchases	3,378
- Services, leases and rentals	147
- Other	37
<b>Total operating costs</b>	<b>8,788</b>
<b>GROSS OPERATING INCOME</b>	<b>655</b>
Amortization, depreciation and provisions	67
<b>OPERATING INCOME</b>	<b>588</b>
- Dividends and tax credits	1,588
- Interest income (expense), net	(224)
<b>INCOME BEFORE EXTRAORDINARY ITEMS, ITEMS OF A FISCAL NATURE AND INCOME TAXES</b>	<b>1,952</b>
- Extraordinary income (expense), net	(5)
- Write-down of equity investments for fiscal purposes	(378)
<b>INCOME BEFORE INCOME TAXES</b>	<b>1,569</b>
- Income taxes for the period	662
<b>NET INCOME FOR THE PERIOD</b>	<b>907</b>

